

Incomplete Records

This section deals with those businesses that do not keep full and proper Accounting records.

Problems you need to solve:

1. Calculate profit when only the beginning and end Capital balances are known

Closing Capital – Opening Capital = Profit

2. Draw up a statement of affairs

A Statement of affairs is exactly the same as a Balance Sheet. The only difference is that there are missing figures which you have to calculate and fill in.

Example: If the Assets less Liabilities half of the balance sheet is drawn up, then the total of Capital for the other half of the Balance sheet must be the same total as the first half of the Statement of affairs.

3. Calculate the Total Sales for the year

You can re-construct the Sales Ledger Control account and find the missing figure to make both sides of the ledger account total to be the same.

Cash Sales + end debtors balance + cash received from debtors + discount allowed + bad Debts + returns Inwards – open debtors balance

SALES LEDGER CONTROL

Jun 1	Balance b/d	10 000	Jun 30	Returns Inwards	2 000
	30 Credit Sales	52 000		Bank (<i>Cash Book</i>)	50 000
				Discount Allowed	3000
				Bad Debts	1000
				Balance c/d	6000
		<u>62 000</u>			<u>62 000</u>



4. Calculate the Total Purchases for the year

You can re-construct the Purchases Ledger Control Account and find the missing figure to make both sides of the ledger account total to be the same.

Cash Purchases + end creditors + cash paid to creditors + discount Received + Returns Outwards – open creditors balance

PURCHASES LEDGER CONTROL

Jun 30 Returns Outwards	3 000	Jun 1 Balance b/d	14 000
Bank (<i>Cash Book</i>)	65 000	Credit Purchases	75 700
Discount Received	700		
Balance c/d	21 000		
	89 700		89 700

5. Calculate Stock lost due to fire or theft

Find the CLOSING STOCK figure at the time of the theft or fire by constructing the Trading Account

MARK –UP = Gross Profit / Cost Price

MARGIN = Gross Profit / Sales

To change Mark – Up of $\frac{1}{4}$ to Margin = $\frac{1}{4}+1$ (ADD)

To change Margin of $\frac{1}{5}$ to Mark-up = $\frac{1}{5}-1$ (SUBTRACT)

